

## Message Text

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FOLLOWING REPEAT BRASILIA 10076, SENT SECSTATE INFO GENEVA SAO  
PAULO RIO DE JANEIRO 08 DEC:

QUOTE LIMITED OFFICIAL USE BRASILIA 10076

E.O. N/A

TAGS: ETRD, UNCTAD, BR

SUBJ: BRAZILIAN COMMENTS ON UNCTAD AND COMMON FUND

REF: (A) BRASILIA 9621 (B) STATE 267871 (C) GENEVA 11457

(D) BRASILIA 3464

1. SUMMARY: RECENT EMBASSY CONVERSATION WITH FOREIGN MINISTRY ON  
UNCTAD PHOSHATE PREPCON YIELDED LITTLE FURTHER INFORMATION  
ON THIS SUBJECT, BUT PERMITTED OPPORTUNITY FOR GENERAL DISCUSSION  
ON UNCTAD AND COMMON FUND. FOREIGN MINISTRY OFFICIAL FLOATED  
A POSSIBLE COMMON FUND SECOND WINDOW COMPROMISE SOLUTION.  
END SUMMARY.

2. ECONOFF PAID CALL DECEMBER 1 ON COUNSELOR PEREZ, CHIEF OF  
FOREIGN MINISTRY BASIC PRODUCTS DIVISION, AND DIVISION OFFICER  
HANDLING MINERAL COMMODITIES (INCLUDING PHOSPHATE) AND  
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COMMON FUND. PURPOSE OF CALL WAS TO ELICIT FURTHER INFORMATION  
GOB POSITION IN UPCOMING UNCTAD PHOSPHATE PRECON, BUT DIVISION  
OFFICERS WERE UNABLE TO PROVIDE FURTHER INFORMATION EXCEPT  
TO STATE THAT BRAZIL WAS AT PRESENT AN IMPORTER OF PHOSPHATE  
(REF A). THEY DID NOT CONFIRM HOWEVER, THAT NO DELEGATION  
FROM BRAZIL WOULD ATTEND THE PREPCON; GOB REPRESENTATIVES  
WOULD BE DRAWN FROM STAFF OF BRAZILIAN GENEVA DELEGATION.

COMMENT: THIS IS CONSISTENT WITH BRAZIL'S ACTIONS IN OTHER UNCTAD PREPCONS. ONLY RERELY DOES GOB SEND OFFICIALS TO GENEVA FOR PREPCONS. END COMMENT. ECONOFF DEFINITELY PRECEIVED THAT GOB DOES NOT REGARD PHOSPHATE PREPCON AS VERY IMPORTANT.

3. PERES TOOK THE OPPORTUNITY OF THIS DISCUSSION WITH ECONOFF TO VOICE COMMON FOREIGN MINISTRY COMPLAINT REGARDING UNCTAD SECRETARIAT'S HANDLING OF COMMODITY PREPCONS. HE STATED THAT--AS HAD HAPPENED PREVIOUSLY--PROMISED CONFERENCE PAPERS (REF B) DID NOT ARRIVE UNTIL SLIGHTLY MORE THAN ONE WEEK BEFORE THE PREPCON WAS DUE TO START, THUS GIVING THE GOB LITERALLY NO TIME FOR THE REQUIRED INTER-MINISTERIAL ANALYSIS AND DISCUSSION. HE ALSO COMPLAINED THAT THE INTENSE SCHEDULE OF PREPCONS MADE IT IN GENERAL DIFFICULT FOR LDCS TO PREPARE ADEQUATELY FOR EACH ONE.

COMMENT: FROM PAST DISCUSSIONS WITH VARIOUS OFFICERS IN BASIC PRODUCTS DIVISION IT IS APPARENT THAT THE GOB CONCENTRATES ITS ATTENTION ON ONLY A RELATIVELY FEW COMMODITY AREAS OF MAJOR INTEREST TO BRAZIL, E.G., IRON ORE AND MANGANESE, AND TREATS MANY OTHER PREPCONS WITH ONLY MARGINAL INTEREST. END COMMENT.

4. DISCUSSION THEN TURNED TO THE COMMON FUND. PERES SAID THAT PERHAPS THE PREMATURE SUSPENSION OF THE MOST RECENT COMMON FUND NEGOTIATING CONFERENCE WAS NOT NECESSARILY A BAD THING. H HE SAID THAT IT MIGHT PROVIDE AN OPPORTUNITY FOR INTENSIVE BILATERAL DISCUSSIONS BETWEEN MAJOR G-77 AND GROUP B COUNTRIES, LIMITED OFFICIAL USE

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AND THAT MOVEMENTS IN POSITIONS MIGHT BE MORE EASILY ACHIEVED THIS WAY RATHER THAN THROUGH PLENARY DISCUSSIONS (REF C).

5. ECONOFF COMMENTED THAT IT SEEMED TO HIM THAT MANY G-77 COUNTRIES WERE MORE "MILITANT" REGARDING THE COMMON FUND THAN THEY WERE IN INDIVIDUAL COMMODITY NEGOTIATIONS. PERES CONCURRED BUT OFFERED NO FURTHER COMMENT (SEE ALSO REF B). IN THE DISCUSSION THAT FOLLOWED RELATING TO THE REASONS FOR THE SUSPENSION OF THE COMMON FUND CONFERENCE, ECONOFF AND PERES AGREED THAT MAJOR STUMBLING BLOCK WAS G-77/GROUP B DIFFERENCE OVER THE INCLUSION OF A SECOND WINDOW IN THE COMMON FUND. PERES SAID THAT THE "TRUE" GOB POSITION ON THIS ISSUE WAS SIMILAR TO THE GROUP B (OPPOSED), BUT BRAZIL HAD TO SUPPRESS THIS POSITION IN SUPPORT OF G-77 SOLIDARITY. PERES SUGGESTED THAT THE US MIGHT BE AGREEABLE TO ACCEPTING A COMPROMISE SECOND WINDOW CONCEPT, AND OFFERED A PROPOSAL THAT ESTABLISHED A SECOND WINDOW BUT LIMITED ITS LENDING TO A STATED PERCENTAGE OF AN ICA'S STABILIZATION FUND DEPOSITS AND RESTRICTED THE LENDING TO PROJECTS DIRECTLY RELATED TO THE COMMODITY WHOSE STABILIZATION FUND WAS PROVIDING THE FINANCING. PERES MENTIONED A 30 PERCENT FIGURE FOR THIS TYPE OF LENDING.

6. ECONOFF WAS UNABLE TO DETERMINE WHETHER PERES' SUGGESTION  
REPRESENTED AN OFFICIAL GOB VIEW OR WAS MERELY PERES' OWN  
IDEA. JOHNSON UNQUOTE. CHRISTOPHER

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